

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY LONDON PRIORITY

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EO. 11652: N/A

TAGS: EAIR, UK

SUBJECT: COLEMAN-DELL LETTER OF JULY 27, 1976

REF : STATE 187839

1. FOLLOWING IS TEXT OF LETTER OF JULY 27 FROM SECRETARY
COLEMAN TO DELL RE U.K. USER CHARGES. ORIGINAL AIRMAILED,
JULY 27 TO DELL, WITH COPY FORWARDED TO EMBASSY (MILLER).

QUOTE: DEAR MR. SECRETARY:

PREOCCUPATION WITH OTHER MATTERS DURING MY DELIGHTFUL
VISIT TO THE UNITED KINGDOM IN JUNE PREVENTED ME FROM FULLY
DISCUSSING THE AIRPORT AND AIR NAVIGATION CHARGES ISSUES
WITH YOU AT THAT TIME. INSTEAD I HOPE THAT THIS LETTER
MAY ADEQUATELY CONVEY THE CONCERNS WHICH I HAD INTENDED
TO EXPRESS TO YOU IN PERSON.

ON JULY 30, 1975, IN A LETTER TO THE SECRETARY OF STATE
I FOUND THAT CHARGES IMPOSED ON U.S. CARRIERS BY THE
AERONAUTICAL AUTHORITIES OF THE UNITED KINGDOM FOR USE OF
BRITISH AIRPORTS AND AIRWAY PROPERTY WERE DISCRIMINATORY
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AND IN VIOLATION OF SECTION 3 OF THE FAIR COMPETITIVE

PRACTICES ACT OF 1974 (FCPA). ESSENTIAL TO MY FINDING WAS THE FACT THAT THE BRITISH SYSTEM OF USER CHARGES IMPOSED DIFFERENT LANDING FEES DEPENDING ON THE ORIGIN OR DESTINATION OF THE FLIGHT WITHOUT REGARD TO THE COST OF PROVIDING SERVICES TO THAT FLIGHT. THE LETTER STATED THAT COMPENSATORY CHARGES WOULD BE IMPOSED BY THE SECRETARY OF THE TREASURY ON BRITISH FLAG CARRIERS IF NEGOTIATION SHOULD FAIL TO ELIMINATE THE DISCRIMINATORY CHARGES.

FOLLOWING NEGOTIATIONS ON THIS SUBJECT IN LONDON DURING NOVEMBER 1975, THE BRITISH AIRPORTS AUTHORITY ADOPTED A NEW SYSTEM OF ASSESSING LANDING FEES EFFECTIVE APRIL 1, 1976. TWO OF THE PRINCIPAL CHANGES EFFECTED BY THE NEW SYSTEM WERE DELETION OF ANY FURTHER CONSIDERATION OF A FLIGHT'S ULTIMATE DESTINATION AND SUBSTITUTION OF FIVE ZONES OF DEPARTURE FOR THE PREVIOUS THREE. WHILE DELETION OF THE DESTINATION FACTOR IN THE NEW SYSTEM OF CALCULATING LANDING FEES DID RESULT IN A REDUCTION IN THE TOTAL AIRPORT USE CHARGES WHICH OTHERWISE WOULD HAVE BEEN ASSESSED U.S. AIR CARRIERS, THE NEW SYSTEM UNFORTUNATELY STILL DOES NOT ADDRESS THE ISSUE WHICH WAS ;HE BASIS OF MY JULY 30, 1975, FINDING OF DISCRIMINATORY TREATMENT OF U.S. AIR CARRIERS BY THE BRITISH AERONAUTICAL AUTHORITIES; I.E., THE FAILURE TO RELATE THE CHARGES ASSESSED A PARTICULAR FLIGHT TO THE UNIT COSTS OF PROVIDING AIRPORT SERVICES TO THAT FLIGHT. IT REMAINS MY BELIEF, THEREFORE, THAT THE NEW SYSTEM OF BRITISH AIRPORTS AUTHORITY CHARGES IS DISCRIMINATORY IN ESSENTIALLY THE SAME MANNER AS THE PREVIOUS SYSTEM. THE PRACTICAL EFFECT OF THE NEW SYSTEM WOULD APPEAR TO BE ONLY A REDISTRIBUTION OF RE-ALLOCATION OF THE BRITISH AIRPORTS AUTHORITY CHARGES. FOR EXAMPLE, UNDER THE NEW SYSTEM, FLIGHTS OPERATED BY NATIONAL AIRLINES FROM MIAMI TO LONDON FALL JUST SLIGHTLY WITHIN THE MOST EXPENSIVE ZONE OF DEPARTURE. CONSEQUENTLY, MIAMI TO LONDON FLIGHTS ARE ASSESSED CHARGES WHICH NOT ONLY ARE HIGHER THAN FOR FLIGHTS DEPARTING EITHER NEW YORK OR CHICAGO FOR LONDON, BUT ALSO ARE 30 PERCENT HIGHER IN ABSOLUTE TERMS THAN CHARGES ASSESSED UNDER THE PREVIOUS LIMITED OFFICIAL USE

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SYSTEM.

WE ALSO CONTINUE TO QUESTION THE PROPRIETY OF CAA'S TERMINAL AIR NAVIGATION CHARGES. THERE APPEARS TO BE NO JUSTIFICATION WHY THE CHARGE SHOULD EXCEED THE UNIT COST OF PROVIDING THESE SERVICES.

THE DEPARTMENT OF STATE HAS PROPOSED THAT A NEGOTIATING

SUBGROUP MEET AS SOON AS POSSIBLE TO DISCUSS THESE
ISSUES FURTHER, PERHAPS WHEN ARNOLD KEAN OF THE CAA WHO
HAS BEEN A LEADING SPOKESMAN FOR THE BRITISH SIDE IN
PREVIOUS U.S.-U.K. DISCUSSIONS OF AIRPORT CHARGES,
VISITS THE UNITED STATES ON AUGUST 10 TO SPEAK AT THE
AMERICAN BAR ASSOCIATION CONVENTION IN ATLANTA. IF
THIS IS NOT A CONVENIENT TIME I HOPE THAT YOUR GOVERNMENT
WILL PROPOSE AN EARLY ALTERNATE DATE.

THE U.S. CARRIERS HAVE REPEATEDLY BROUGHT THE BRITISH
SITUATION TO THE ATTENTION OF THE DEPARTMENT OF TRANSPOR-
TATION. I AM ALSO COGNIZANT OF MY STATUTORY DUTIES
UNDER THE FAIR COMPETITIVE PRACTICES ACT. IT IS MY
HOPE THAT THE TECHNICAL GROUP MAY BE ABLE TO RESOLVE
THE ISSUES RAPIDLY SO THAT THIS IMPEDIMENT TO NORMAL
AIR TRANSPORT RELATIONS MAY BE REMOVED.

/S/ WILLIAM T. COLEMAN, JR. UNQUOTE. KISSINGER

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